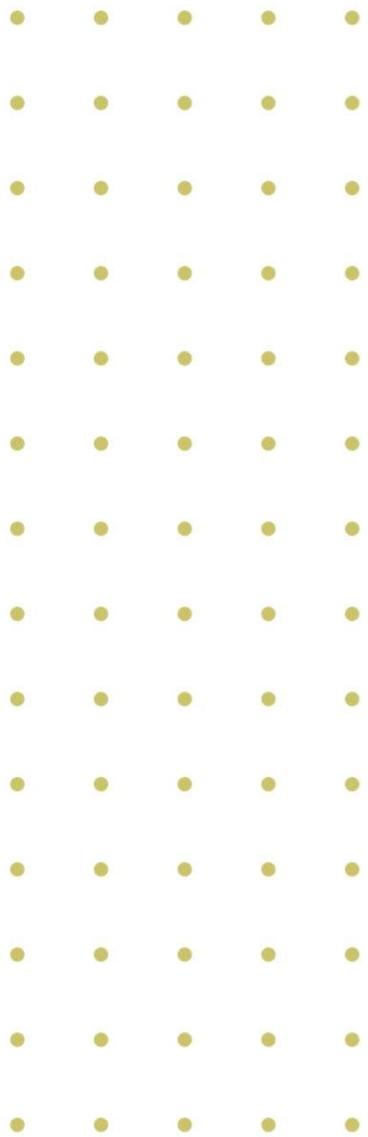




HUMAN RESOURCES
COLORADO STATE UNIVERSITY

Voluntary Retirement Incentive Plans (VRIP) - 2021

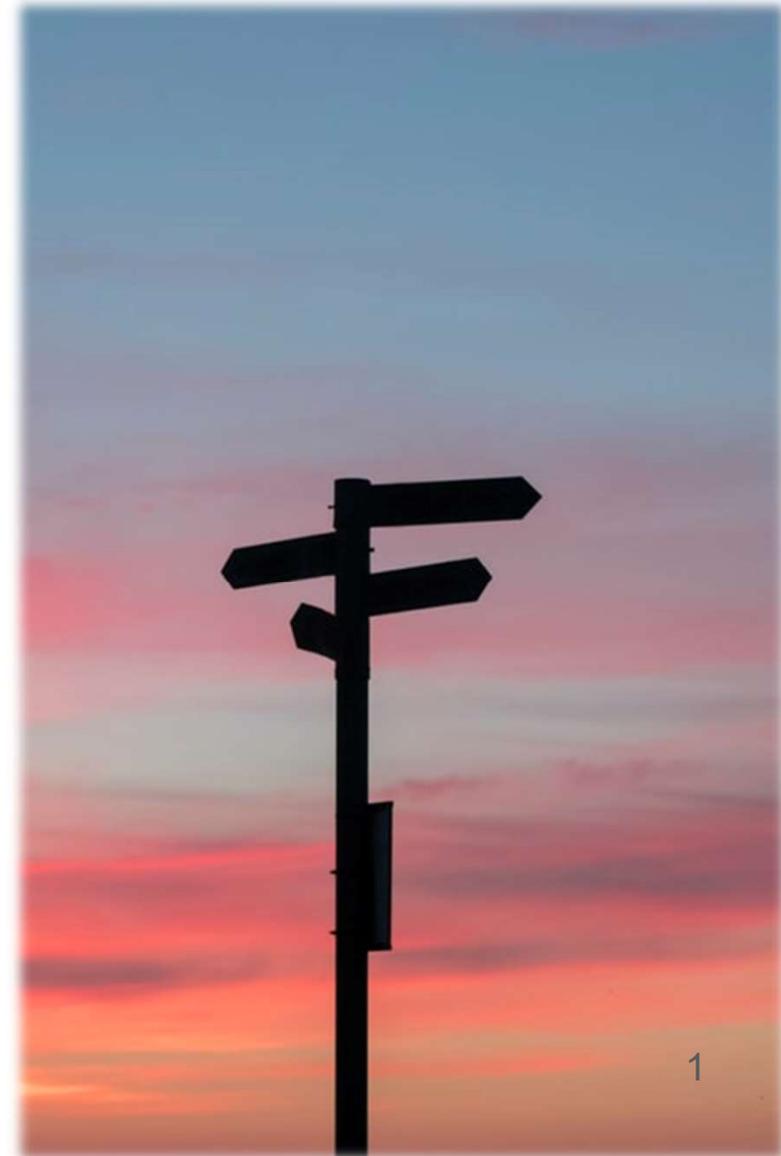
Teri Suhr, Chief Total Rewards Officer
Jackie Swaro, Benefits Unit – Team Lead
Brittney Phillips, Communication & Compliance Administrator



This presentation is not all-inclusive and contains information as of May 2021, and should not be considered a replacement for the more detailed information set forth in the Voluntary Retirement Incentive Plan documents. In the event of any discrepancies between the information contained in this presentation and in such other documents, the official documents will govern.

University Definition of Retirement

- To be a “retiree” a faculty member, administrative professional or classified employee who is a participant in the Defined Contribution Plan for Retirement (DCP) or who is a participant in Colorado PERA appointed or reappointed on or after July 1, 2005 must be:
 - Age 55 or greater with at least 20 years of “service”
or
 - Age 60 or greater with at least 5 years of “service”



University Definition of Retirement

PERA Participants Appointed Prior to June 2005

Academic faculty, administrative professional or state classified employees who are participants in PERA and who were appointed on or before June 30, 2005, or reappointed only on or before that date, who are eligible for “retirement” (full or reduced) under the PERA provisions at the time of separation and who have at least five consecutive years of service at Colorado State University in a half-time or greater, benefit eligible appointment immediately prior to the date of separation are considered “retirees”.



University Definition of Retirement

Service

“Service” for this purpose includes periods of employment with Colorado State University during which the person:

- Received, or was eligible to receive, the University’s contribution to the DCP or to PERA
- Had an appointment of at least half-time
- Received, or was eligible to receive, the University’s contribution toward benefits, for example health insurance (BenPay, Cost Share of State Classified insurance match).

Periods of “service” need not be continuous but there must be a minimum of five consecutive years of “service” immediately preceding the date of “retirement”. Periods of paid or un-paid leaves of up to 1 year in duration during which the person received, or was eligible to receive, the University’s contribution towards benefits shall be counted as “service”.

VRIP Highlights

- Background
 - Offer an incentive to eligible employees if they voluntarily initiate retirement
 - Minimize the impact of layoffs, furloughs, and salary reductions to permanent employees
 - Address current budgetary issues and help preserve the jobs of permanent employees who are not yet eligible to retire
- Plan details
 - **Application period:** June 1 – June 30
 - **Voluntary retirement date options:** August 31 or December 31
 - If you previously announced and/or submitted paperwork to initiate retirement prior to June 1, you are not eligible to apply
 - If you receive payment under the plan and are rehired **in any capacity** within two (2) years of your retirement date, you must repay the payment

VRIP Highlights

- Application approval – committee approach
 - Considers derived savings and business needs; not every application may be approved



- Voluntary decision
 - Retirement is an important and personal decision – it's your choice!
 - No University employee can persuade you to retire
- No guarantee the program will be offered again

VRIP Incentive

Faculty, Admin Pro, Non-Classified Staff

- **Incentive:**
 - One week of the employee’s annual base salary for each year of retirement eligible service
 - Not to exceed 30 weeks total

- **Limited duration enhanced medical subsidy (DCP):**
 - DCP participants under age 65
 - Based upon years of “service”
 - Subsidy of up to \$599/month
 - Lesser of age 65 or up to 5 years

DCP Retirees Medical Premium Refund

Years of Service (must be benefits eligible service with at least 5 years of continuous benefits eligible service immediately preceding retirement)	Enhanced Monthly DCP Premium Refund
5	\$150
6	\$180
7	\$210
8	\$240
9	\$270
10	\$300
11	\$329
12	\$359
13	\$389
14	\$419
15	\$449
16	\$479
17	\$509
18	\$539
19	\$569
20+	\$599

Faculty and Admin Pro Base Salary Incentive

For illustrative purposes only

Example #1

- 9-month Faculty
- **100% FTE**
- 57 years old
- 32 years of retirement-eligible service
- Annual salary: \$75,000 as of 5/16/21

Lump sum payout:

$$\$75,000 / 39 \text{ weeks (9-mo)} = \$1,923 \text{ weekly}$$

$$\$1,923 \times 30 \text{ (maximum YOS payable)} =$$

\$57,690*

Example #2

- 12-month Admin Pro
- **50% FTE**
- 66 years old
- 8.5 years of retirement-eligible service
- Annual salary: \$120,000 as of 6/30/21

Lump sum payout prorated by FTE:

$$\$60,000 \text{ (50\% of \$120,000)} / 52 \text{ weeks (12-mo)} = \\ \$1,153 \text{ weekly}$$

$$\$1,153 \times 8 \text{ (total YOS payable)} = \mathbf{\$9,224*}$$

*subject to tax withholdings; examples rounded down to nearest whole dollar

VRIP Incentive

State Classified Staff

- **Incentive:**
 - One week of the employee’s annual base salary* for each year of retirement eligible service
 - Not to exceed 18 weeks total
- **PERACare:** 
 - Lifelong medical coverage
 - Pre and post age 65
 - Defined Benefit Plan

State Classified benefits are determined by State of Colorado Personnel Board rule

For More Information

From the “PERACare” drop-down menu on www.copera.org you may:

- » View the *PERACare 2021 Health Benefits Program* booklets.
- » Use the “PERACare Premium Inquiry for Retirees” calculator for coverage and rate information.
- » Access provider directories and formularies for the plans.

If you have questions about PERACare:

- » Email PERA through the “Contact Us” link on the PERA website.
- » Call the PERA Customer Service Center at 1-800-759-7372.

*as of June 30, 2021

State Classified Base Salary Incentive

For illustrative purposes only

Example #1

- 12-month SC
- 57 years old
- **100% FTE**
- 32 years of retirement-eligible service
- Annual salary: \$50,000 as of 6/30/21

Lump sum payout:

$\$50,000 / 52 \text{ weeks (12-mo)} = \961 weekly

$\$961 \times 18 \text{ (maximum YOS payable)} =$

\$17,298*

Example #2

- 12-month SC
- 66 years old
- **75% FTE**
- 8.75 years of retirement-eligible service
- Annual salary: \$80,000 as of 6/30/21

Lump sum payout prorated by FTE:

$\$60,000 \text{ (75\% of \$80,000)} / 52 \text{ weeks (12-mo)} =$
 $\$1,153 \text{ weekly}$

$\$1,153 \times 8 \text{ (total YOS payable)} =$

\$9,224*

*subject to tax withholdings; examples rounded down to nearest whole dollar

Other Incentive Details

- Paid the month after retirement
 - August 31 retirement date lump sum paid in September 2021, taxable in 2021
 - December 31 retirement date lump sum paid in January 2022, taxable in 2022
- The incentive is not includible salary for PERA or the Defined Contribution Plan (DCP)
- Faculty, Admin Pro annual leave payout not subject to reduction of leave taken 30 days prior
- State Classified leave payouts follow Personnel Board Rules for SOC
- Annual and sick leave payouts can be deferred to 403(b), 401(k), or 457; lump sum incentive payment cannot per IRS regulations
- **Leave Payout Formula**

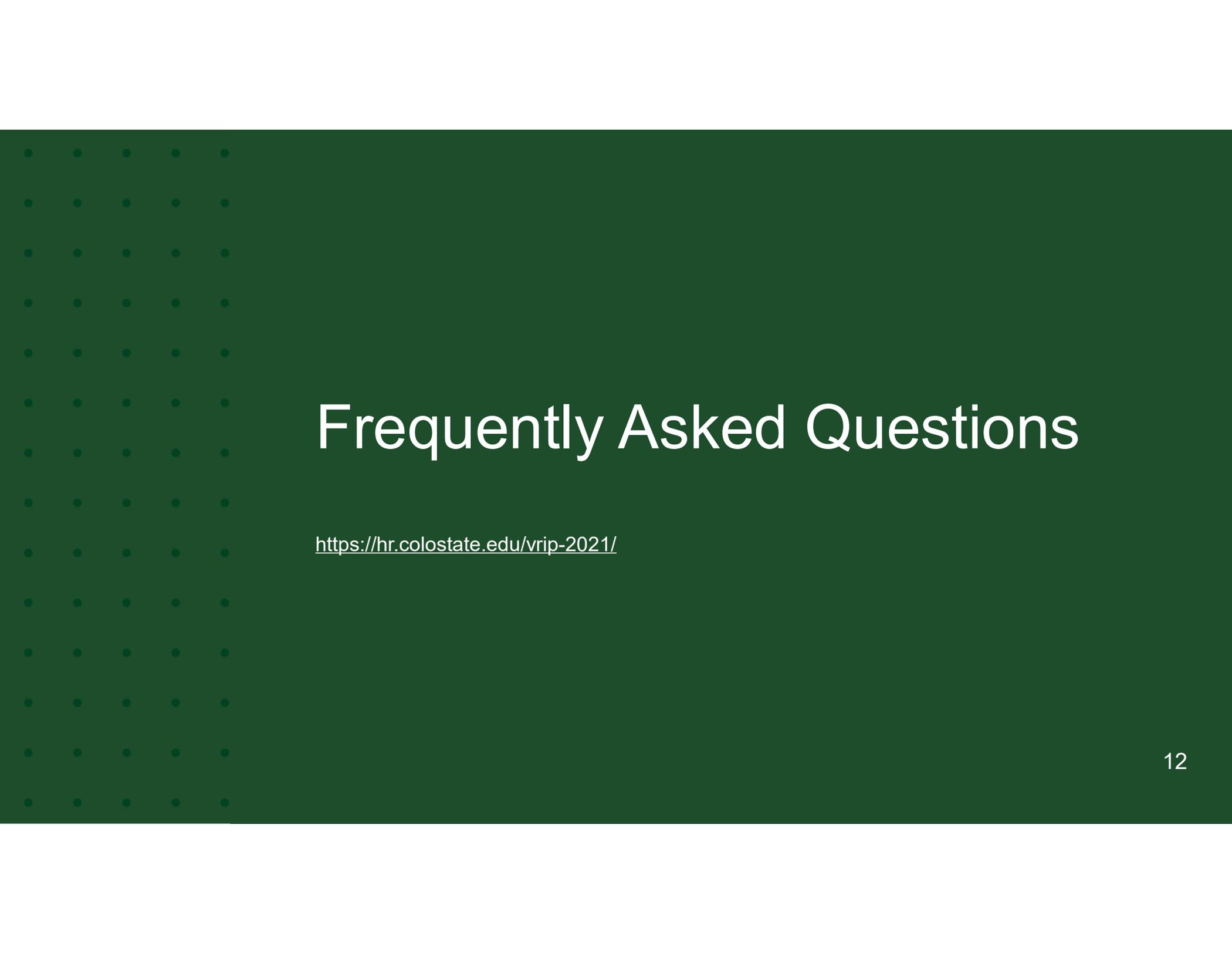
Monthly Salary Rate / 173 Hours X 8 Hours = Daily Salary Rate

Daily Salary Rate X Number of Payable Days* = Leave Payout

(*sick leave subject to the lesser of fifteen (15) days or 0.25 X unused days of sick leave)

VRIP Educational Partner Presentations

- Additional Outreach Opportunities
 - **HR educational webinars**
 - May 26 at 10 am; June 3 at 2 pm; June 17 at Noon
(a session will be recorded)
 - **Social Security Administration (WEP & GPO)**
 - June 9 at 2 pm
(not recorded but you can call your local SSA office or visit their website for more information)
 - **PERA member webinars**
 - June 10 at 10 am
(not recorded but you can register for another session at copera.org/members/webinars)



Frequently Asked Questions

<https://hr.colostate.edu/vrip-2021/>

FAQs

Q: The Plan says that if I am rehired in any capacity within two years of retirement, I must repay the incentive. Is it not permissible to return as a non-student hourly or as an independent contractor?

A: Correct, in any capacity includes **ALL** employment types.

Q: Is the base salary incentive taxable?

A: Yes, the lump sum payout is taxed at a flat rate the month following the date of retirement:

- 22% Federal*
- 4.65% Colorado
- 1.45% Medicare (unless grandfathered)

*current year federal tax rate

FAQs

Q: If I have already announced my retirement, are there any exceptions to applying for the incentive?

A: No, the incentive is designed to help those who have not yet made the decision to retire, retire more comfortably.

Q: When will I know if I'm approved?

A: Human Resources will notify you when approval is received by way of sending personalized information via email, confirming the base salary incentive and Separation Agreement for your signature.

FAQs

Q: After I apply, can I change my mind?

A: You can revoke your application anytime prior to June 30, 2021. After that date, you will have at least 45 days before your retirement date to consider the separation agreement. You may also revoke a submitted agreement within 7 calendar days of the day the form is returned. You must send any revocations to MyHR@colostate.edu.

Example: You apply and chose an **August 31** retirement date. You will have at least 45 days to consider and submit your separation agreement. If you sign and return the agreement by the due date, you then have 7 calendar days to revoke your agreement in writing. Otherwise, your August 31 date will be finalized.

FAQs

Q: Am I eligible to retire?

A: HR reviewed preliminary data and those who may be eligible for retirement were emailed directly and invited to attend this webinar. Personalized questions regarding base salary incentives and years of service can be emailed to HR_Retirement@colostate.edu.

If you apply and are deemed not eligible for retirement, HR will exclude your application from department/college consideration.



Questions

Thank you



<https://hr.colostate.edu/vrip-2021/>